

Message Text

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17

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SUBJECT: WISNIEWSKI VISIT

REF: (A) STATE 40454; (B) STATE 47427

COMMERCE FOR BEWT/LOTARSKI

PASS TO AGRICULTURE AND EXIM

1. MINISTRY OF FOREIGN TRADE EXPRESSED APPRECIATION FOR VICE MINISTER WISNIEWSKI'S PROGRAM, AS REPORTED IN REF B. WISNIEWSKI PLANS TO LEAVE WARSAW MARCH 16 FOR NEW YORK. (DEFINITE ETA AND OTHER FLIGHT INFORMATION NOT YET AVAILABLE). HE PROBABLY WILL REMAIN IN NEW YORK UNTIL MORNING OF MARCH 19, AND ON MARCH 21 OR 22 WILL GO TO CHICAGO FOR MEETINGS BEING ARRANGED BY POLISH SIDE WITH US COMPANIES, INCLUDING INTERNATIONAL HARVESTER AND STANDARD OIL OF INDIANA. ANTICIPATED HE WILL RETURN TO WARSAW MARCH 24.

2. WISNIEWSKI WILL BE ACCOMPANIED BY JERZY STREBSKI, CHIEF, NORTH AMERICAN AND OVERSEAS DIVISION, TRADE POLICY DEPARTMENT III, MFT; AND JERZY CHYLINSKI, VICE LIMITED OFFICIAL USE

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DIRECTOR, FOREIGN DEPARTMENT, MINISTRY OF FINANCE.

UNTIL MID-1973, STREBSKI HELD POST OF COMMERCIAL ATTACHE AT POLISH EMBASSY IN WASHINGTON. CHYLINSKI LED POLISH TAX DELEGATION IN WASHINGTON ROUND OF NEGOTIATIONS IN NOVEMBER, 1973; ON WISNIEWSKI TRIP HE IS SUBSTITUTING FOR VICE DIRECTOR EDWARD MATYJA, WHO IS OTHERWISE OCCUPIED.

3. MFT HAS NOT GIVEN US ANY INDICATION WISNIEWSKI PLANS TO RAISE ANY ISSUES IN ADDITION TO THOSE LISTED IN REF B. FOLLOWING ARE EMBASSY'S THOUGHTS AND COMMENTS CONCERNING THESE ISSUES (SEPARATE MESSAGES TO FOLLOW ON BUSINESS FACILITATION AND JOINT VENTURES):

(A) REVIEW OF POLISH-AMERICAN TRADE. WE ARE PLEASED BY SUBSTANTIAL IMPROVEMENT SHOWN LAST YEAR IN VALUE OF TRADE TURNOVER (ESPECIALLY, OF COURSE, BY JUMP IN US EXPORTS) AND BY QUALITATIVE CHANGE AS WELL IN US-POLISH COMMERCIAL RELATIONS, AS WITNESSED BY GROWTH OF LONG-TERM INDUSTRY-TO-INDUSTRY COOPERATION AGREEMENTS AND BY ESTABLISHMENT OF COMPANY OFFICES IN POLAND. POLISH IMPORTS FROM PRACTICALLY ALL DEVELOPED WESTERN COUNTRIES SOARED IN 1973, RESULTING IN A PUBLISHED \$1.2 BILLION TRADE DEFICIT WITH THESE MARKETS. ESPECIALLY IN LIGHT OF THIS, GOP HAS BEGUN TO MOUNT ADDED PRESSURE ON ITS INDUSTRY AND FOREIGN TRADE APPARATUS TO INCREASE HARD-CURRENCY EXPORTS IN 1974. WE ASSUME THE US MARKET LOOMS LARGE IN THESE PLANS. PARTICULARLY FOR THIS REASON, WE HAVE BEEN URGING GOP TO GET ON WITH THE BUSINESS OF OPENING CHAMBER OFFICE IN SAN FRANCISCO. (FYI. MFT OFFICIALS HAVE COMMENTED TO US PRIVATELY THAT THEY ARE CONCERNED FACT THAT INCREASED PRICES ACCOUNTED FOR 65 PERCENT OF THE GROWTH IN POLAND'S EXPORTS TO US IN 1973).

(B) TIMING AND AGENDA OF FOURTH SESSION OF JOINT COMMISSION. FOREIGN TRADE MINISTER OLECHOWSKI TOLD THE AMBASSADOR RECENTLY THAT, WHILE IN WASHINGTON, WISNIEWSKI WOULD PROPOSE FORMALLY THAT FOURTH SESSION BE HELD IN EARLY OR MID-SEPTEMBER (SEE MEMCON OF DAVIES-OLECHOWSKI MEETING ON 3/4/74). POLES HAVE GIVEN NO INDICATION OF ANY NEW ITEMS FOR AGENDA.
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(C) LONG-TERM ECONOMIC INDUSTRIAL TECHNOLOGICAL COOPERATION. ALTHOUGH POLES HAVE NOT BEEN PUSHING, THEIR PERIODIC RAISING OF THIS MATTER INDICATES TO US THAT GOP CONTINUES TO BE INTERESTED IN TAKING SOME KIND OF STEP -- PROBABLY MORE FOR SYMBOLIC AND POLITICAL REASONS THAN ECONOMIC/COMMERCIAL -- WHICH WOULD PUT BLESSING OF USG AND GOP ON EXPANSION OF LONG-

TERM COMMERCIAL AND TECHNOLOGICAL COOPERATION BETWEEN INDUSTRIES OF THE TWO COUNTRIES. WHEREVER IT CAN, GOP IS CONTINUING TO LINE UP GOVERNMENT-TO-GOVERNMENT AGREEMENTS ALONG THESE LINES WITH ITS WESTERN EUROPEAN TRADING PARTNERS. REGARDING THE US., POLES MAY BE COMING TO REALIZATION THAT IT WOULD NOT BE IN THEIR INTEREST AT THIS TIME TO WORK FOR FORMAL AGREEMENT REQUIRING CONGRESSIONAL APPROVAL, AND THAT PURPOSE WOULD BE SERVED BY ISSUANCE OF JOINT STATEMENT (E.G., DURING A POSSIBLE GIEREK VISIT) SUCH AS THAT MADE DURING DECEMBER 1973 US VISIT OF CEAUSESCU.

EMBASSY RECOMMENDS THAT CONSIDERATION BE GIVEN TO SUCH A JOINT STATEMENT. ALSO, IN CURRENT DISCUSSION OF THIS SUBJECT WITH WISNIEWSKI AND OTHER GOP OFFICIALS, BECAUSE OF PRESENT DELICATE STATE OF GOP'S INTERNAL CONSIDERATION OF A NEW POLICY ON MIXED-CAPITAL JOINT VENTURES, WE RECOMMEND THAT WE NOT PRESS FOR WHAT POLES HAVE DESCRIBED AS THE "JUNCTIM" WHICH US SIDE ATTEMPTED TO CREATE AT JOINT COMMISSION THIRD SESSION BETWEEN POLISH JOINT-VENTURE POLICY AND US RECEPTIVITY OF A LONG-TERM AGREEMENT.

(D) AGRICULTURAL POLICY. MFA OFFICIAL COMMENTED TO US RECENTLY, MORE IN SORROW THAN ANYTHING ELSE, THAT IT WAS HOPED US COMMODITY SITUATION WOULD CHANGE SO THAT BEFORE LONG CCC CREDIT PROGRAM FOR POLAND COULD BE RENEWED. HE SAID POLAND PLANS TO BUY AT LEAST \$200 MILLION IN AGRICULTURAL COMMODITIES IN 1974, AND, ALTHOUGH THREE-YEAR CREDITS NOW ARE AVAILABLE FROM OTHER SOURCES, HIGHER INTEREST RATES WILL MEAN CONSIDERABLE ADDED EXPENSE.

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(E) EXPORT CONTROL MATTERS. TO OUR KNOWLEDGE, FAIRCHILD SEMICONDUCTOR TECHNOLOGY CASE IS UPPERMOST AT MOMENT IN THINKING OF GOP IN THIS AREA. AS RESULT OF EXTENSIVE AND HIGH-LEVEL MEETINGS WHICH UNITRA GENERAL MANAGER KAMINSKI HAD LAST MONTH IN WASHINGTON (FOR WHICH HE AND EMBASSY ARE MOST GRATEFUL), KAMINSKI AT LEAST SEEMS RATHER OPTIMISTIC NOW THAT NECESSARY REVISION CAN BE WORKED OUT IN FAIRCHILD'S CONTRACT TO PERMIT POSITIVE LICENSING DECISION WITHIN THE NEXT THREE MONTHS.

4. OTHER ISSUES.

(A) US-POLISH TAX CONVENTION. IF AT ALL POSSIBLE, EMBASSY SUGGESTS THAT PRESENCE OF FINANCE MINISTRY OFFICIAL

CHYLINSKI IN WASHINGTON BE UTILIZED TO EXCHANGE FINAL DRAFTS AND AGREE ON ARRANGEMENT FOR SIGNING CONVENTION (SEE WARSAW 1259). IT APPEARS TO US THAT IT WOULD BE MOST EXPEDITIOUS TO HAVE SIGNING TAKE PLACE AT WARSAW. PLEASE ADVISE SO WE CAN INFORM CHYLINSKI BEFORE HE LEAVES.

(B) US-POLISH ECONOMIC COUNCIL. WISNIEWSKI MIGHT WELL EXPRESS SOME DISAPPOINTMENT OVER FACT THAT AGREEMENT REACHED IN NOVEMBER OF LAST YEAR (WARSAW 5944, 11/16/73) BETWEEN US CHAMBER AND POLISH CHAMBER OF FOREIGN TRADE HAS NOT YET BEEN SIGNED AND IMPLEMENTED. AT TIME OF INITIALLING HERE, POLISH CHAMBER UNDERSTOOD AGREEMENT WOULD BE SIGNED DURING FIRST PARTY OF 1974, POSSIBLY DURING VISIT TO WARSAW BY US CHAMBER PRESIDENT RUST. HOWEVER, SINCE THEN, ACCORDING TO POLES, COMMUNICATIONS FROM US CHAMBER HAVE BEEN SPARSE AND NOT VERY FORTH-COMING. US CHAMBER REPORTEDLY ADVISED THAT EUROPEAN TRIP BY RUST IS NOT EXPECTED ANY TIME SOON, BUT THAT POLES SHOULD PROCEED AS IF AGREEMENT SIGNED. HOWEVER, ALTHOUGH POLISH SIDE CLAIMS TO HAVE WORKED ON SELECTION OF ITS MEMBERS FOR ECONOMIC COUNCIL, THEY CANNOT BE APPOINTED FORMALLY UNTIL COUNCIL IS CREATED. ALSO, POLISH CHAMBER SAYS IT HAS NOT GOTTEN MUCH RESPONSE TO ITS PROPOSALS TO US CHAMBER REGARDING COOPERATION ON PUBLICATION OF ENGLISH-LANGUAGE BOOKLET FOR US BUSINESSMEN INTERESTED IN TRADING WITH POLAND, AND FOR LIMITED OFFICIAL USE

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ASSISTANCE FROM CHAMBER IN ORGANIZING SERIES OF "ROUND-TABLE DISCUSSIONS" IN THE US ON US-POLISH TRADE, POSSIBLE TO BE LED BY A VICE MINISTER OF FOREIGN TRADE AND CHAMBER PRESIDENT KAJZER.

IN LIGHT OF THESE PROBLEMS, WE BELIEVE IT WOULD BE HELPFUL IF COMMERCE AND DEPARTMENT COULD FACILITATE MEETING BETWEEN RESPONSIBLE CHAMBER OFFICIAL AND WISNIEWSKI.

5. WHEN DOES COMMERCE EXPECT TO HAVE COPIES AVAILABLE OF REPORT ENTITLED, "AMERICAN-POLISH COMMERCIAL ACCORDS 1972-73"?
DAVIES

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